



North Central Wisconsin Workforce Development Board

1121 West Grand Ave – Wisconsin Rapids, WI 54495-3349 – Phone 715-422-4700 – Fax 715-422-4715

To: Nancy Eilks – DWD; Karen Pfeil – DWD

CC: Gary Denis – DWD

From: Sally Cutler – NCWWDB

Date: May 25, 2010

RE: ARRA financial review response

The North Central Wisconsin Workforce Development Board has reviewed the results of the on-site financial review conducted by Jefferson Wells on behalf of the Wisconsin ORR. Based on the observations and suggestions contained within the review results the following adjustments have been made:

Observation 1 (COrE Reporting) – Management reviews financial data prior to the submission to COrE; however, there is no reconciliation of the resulting online COrE reports and the Agency's general ledger. Such reconciliation would help identify errors in keying and transmission or mapping errors within COrE.

Observation 1 Action – NCWWDB routinely requests funds from DWD on a biweekly basis. Fund requests are based on actual expenses. The expenses are coded to the appropriate fund. When the Accounting Coordinator prepares the biweekly cash request, the most recent 'contract balance report' from the DWD COrE website is inspected to ensure that the funds shown remaining according to our records match the records shown on the DWD COrE website. This reconciliation should identify errors.

Observation 2 (Payroll) – The lack of directives and procedures to identify hours worked that are allocable to ARRA poses the risk that time reported to ARRA will be underreported. It was noted that one employee charges time to "Work Keys", which is a program that identifies skills needed for a particular job and any potential skill gaps the participant should address. The program includes testing, training, and certification to prepare participants for entry into the workforce. On a case by case basis, ARRA participants may or may not participate in the Work Keys program. To the extent that the agency employee spends time on Work Keys programs benefitting ARRA sponsored participants, they should allocate such Work Keys time to ARRA. However, there is currently no method in place to identify how much of the employee's Work Keys time is ARRA related, nor is there a defined method to allocate these hours between ARRA and non-ARRA activities.

Observation 2 Action – Employees time allocated to WorkKeys projects had been allocated evenly across ARRA Admin, WIA Adult and WIA Dislocated Worker, as these were the specific programs that benefited from the employee's time. There was no formal cost allocation plan in place for this situation. Subsequently, we have developed a cost allocation plan for WorkKeys on employee's timesheets based on direct work using the assessment and the number of people who have taken WorkKeys assessments.

Observation 3 (Banking/Treasury) –

- *At the time of fieldwork, it was noted that the signatories on record at the bank had not been updated for a November 2009 change in the Board of Directors membership. However, the system generated check signatures have been updated to reflect the change.*
- *Bank reconciliations are prepared monthly by the Accounting Coordinator and independently reviewed by the Executive Director. The Accounting Coordinator stopped signing the reconciliation, as preparer, in October 2009. The Accounting Coordinator's signoff would evidence accountability and independence from the reviewer. However, the Executive Director review is evidenced by her signature each month.*

Observation 3 Action –

- The updating of the bank signatories was an oversight on the part of the Accounting Coordinator. Following the ARRA review, the bank signatories on file at our bank were updated to reflect the current check signers.
- The absence of the Accounting Coordinator's signature was in no way intentional. To help prevent this situation from reappearing, signature lines have been added to the bank reconciliation cover sheet that gets attached to the bank reconciliation.

We would like to thank Jefferson Wells and ORR for bringing these issues to our attention. We believe that with these improvements in place, we have further reduced the risk of fraud, waste and abuse of Recovery Act funds as well as our regular funding.